

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D. C. 20268-0001

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POSTAL RATES & FEES, 1997

INTERROGATORIES OF TIME WARNER INC.  
TO UNITED STATES POSTAL SERVICE WITNESS DEGEN (TW/USPS-T12-1-8)  
(July 22, 1997)

Pursuant to sections 25 and 26 of the Rules of Practice, Time Warner Inc. (Time Warner) directs the following interrogatories to United States Postal Service witness Degen (USPS-T-12) If witness Degen is unable to respond to any interrogatory, we request that a response be provided by an appropriate person capable of providing an answer.

Respectfully submitted,

John M. Burzio /tlk  
John M. Burzio  
Timothy L. Keegan

Counsel for  
TIME WARNER INC.

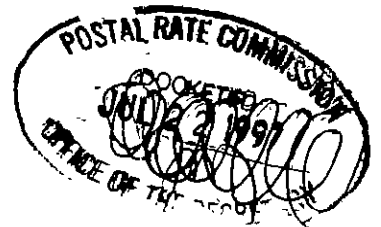
Burzio & McLaughlin  
Canal Square, Suite 540  
1054 31st Street, N. W.  
Washington, D. C. 20007-4403  
tel/(202) 965-4555  
fax/(202) 965-4432

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Timothy L. Keegan  
Timothy L. Keegan

July 22, 1997



**INTERROGATORIES TO WITNESS DEGEN (USPS-T-12)**TW/USPS-T12-1

a. Was the LIOCAT program used to distribute clerk and mailhandler costs in this docket? If yes, please provide the output of the LIOCAT program.

b. Please provide the LIOCAT output, as provided in previous rate cases, for the mail processing cost distribution used in the FY96 CRA report.

TW/USPS-T12-2

a. Approximately when did the Postal Service decide to move to MODS based attribution of clerk and mailhandler wage costs?

b. Prior to the new method described in your testimony, was any use made of the MODS numbers recorded by IOCS clerks? If yes, please describe how this information was used.

c. How does an IOCS clerk know which MODS number to enter for a sampled clerk or mailhandler? Please provide a copy of the instructions given to IOCS clerks for the purpose of recording the correct MODS number.

d. During FY96, were IOCS clerks aware that the MODS numbers they recorded would be put to a much more important use than in any previous year?

e. During FY96, were IOCS clerks aware that their detailed observations of the activity performed by sampled employees would be superseded by MODS numbers?

f. Since when have MODS numbers been recorded by IOCS clerks?

g. When a sampled employee is on a break, and after the break will start an assignment different from the one he had before the break, which MODS number is the IOCS clerk supposed to record?

h. What proportion of IOCS tallies taken in MODS facilities had a valid MODS number in FY96?

i. What procedures were applied to assure that the MODS numbers recorded by IOCS clerks were not only valid numbers but correctly described the observed employee's activity?

j. What proportion of the IOCS tallies, taken in MODS facilities but without valid MODS numbers, could not be assigned to any cost pool? If there were

such tallies, please explain how they were used.

TW/USPS-T12-3 Please refer to tables 2 and 6 in your testimony.

- a. Does the line for "mixed mail" in Table 6 refer to costs associated with mail processing tallies showing IOCS activity codes 5300-5750? If no, please specify the types of tallies and the IOCS activity codes that this line represents.
- b. Does the line for "other" in Table 6 refer to costs associated with mail processing tallies showing IOCS activity codes 6521-6521? If no, please specify the types of tallies and the range of IOCS activity codes that this line represents.
- c. Please specify the IOCS activity codes that correspond to the costs shown for mail subclasses and service categories in Table 6.
- d. Do the various costs in Tables 2 and 6 represent identical sets of IOCS activity codes, distributed with the old and new methodologies respectively? If they do not represent the same set of IOCS codes, please clarify.
- e. Please provide a breakdown of the estimated costs shown in Table 6 by MODS, BMC and non-MODS cost pools. In the case of "mixed mail" and "other" costs, please provide the breakdown both by cost pool and by IOCS activity codes.
- f. Please provide the information requested in part e above, as well as the information contained in tables 4 and 5 of your testimony, in the form of an Excel, Quattro or Lotus spreadsheet.

TW/USPS-T12-4

- a. Please provide a precise definition of the terms "not-handling tallies", "not-handling-mail costs" and "not handling costs" as the terms are used in your testimony and in LR-H-146. In particular, specify the IOCS activity codes corresponding to these terms. If there are cases when an IOCS activity code may or may not indicate a not-handling tally, please explain fully.
- b. If on a tally taken at a MODS office the IOCS activity code is 5610 (mixed letters) and the MODS number is 175 (manual flats incoming secondary), which cost pool will the tally be assigned to?
- c. If on a tally taken at a MODS office the IOCS activity code is 5620 (mixed flats) and the MODS number is 060 (manual letters outgoing primary), which cost pool will the tally be assigned to?
- d. If on a tally taken at a MODS office the IOCS activity code is 5750 (mixed

all shapes) and the tally does not have a valid MODS number, which cost pool will the tally be assigned to?

e. If on a tally taken at a MODS office the IOCS activity code is 6521 (breaks, personal needs) and the tally does not have a valid MODS number, which cost pool will the tally be assigned to?

TW/USPS-T12-5 Please describe how information on "basic function" and facility size (CAG) available on IOCS tallies was used in your new methodology for distributing clerk and mailhandler costs. Additionally, please respond to the following questions.

a. In distributing the costs associated with IOCS activity codes 5300-5750 and 6521-6523 within each MODS cost pool, did you make any use of the "basic function" data recorded by IOCS clerks? If yes, please describe how you used this information. If no, please explain why you chose not to use it.

b. In distributing the costs associated with IOCS activity codes 5300-5750 and 6521-6523 within each BMC cost pool, did you make any use of the "basic function" data recorded by IOCS clerks? If yes, please describe how you used this information. If no, please explain why you chose not to use it.

c. In distributing the costs associated with IOCS activity codes 5300-5750 and 6521-6523 for non-MODS, non-BMC facilities, did you make any use of the "basic function" data recorded by IOCS clerks? If yes, please describe how you used this information. If no, please explain why you chose not to use it.

d. In distributing the costs associated with IOCS activity codes 5300-5750 and 6521-6523 within each MODS cost pool, did you make any use of the facility size (CAG) data recorded by IOCS clerks? If yes, please describe how you used this information. If no, please explain why you chose not to use it.

e. In distributing the costs associated with IOCS activity codes 5300-5750 and 6521-6523 within each BMC cost pool, did you make any use of the facility size (CAG) data recorded by IOCS clerks? If yes, please describe how you used this information. If no, please explain why you chose not to use it.

f. In distributing the costs associated with IOCS activity codes 5300-5750 and 6521-6523 for non-MODS, non-BMC facilities, did you make any use of the facility size (CAG) data recorded by IOCS clerks? If yes, please describe how you used this information. If no, please explain why you chose not to use it.

TW/USPS-T12-6

a. Please describe the instructions to IOCS data collectors in FY96 for

recording data on mixed mail items and containers and for application of the top piece rule. Please also provide a copy of those instructions and explain all differences between the instructions that applied in FY96 and those that applied in FY93 and were described in the R94-1 rate case (see, e.g. Docket R94-1, USPS-T-4 at 5 and LR-G-12).

b. What were the costs associated with (1) counted mixed mail items; (2) uncounted mixed mail items; and (3) mixed mail containers under your new FY96 attribution methodology?

c. Please describe how your treatment of tallies representing counted mixed mail items, uncounted mixed mail items and mixed mail containers differs from the treatment that was used in FY93 and described in the R94-1 rate case, as well as the rationale for making any changes. Additionally, please describe any difference between your new method and the method applied in the FY96 CRA and, if applicable, the rationale behind changes made.

d. Are the costs associated with counted and uncounted mixed mail items and mixed mail containers included under the direct costs distributed to subclasses and special services in Table 6 of your testimony? If no, please specify which portion of the costs for each tally type is included under subclass and special service costs and which portion is included under mixed mail in Table 6.

e. Is the distribution of uncounted mixed mail item tallies based on data for counted mixed mail items? If no, please describe how the distribution was done.

f. Is the distribution of uncounted mixed mail items performed separately within each cost pool, based on counted mixed mail items from the same cost pool, or based on counted item data from all cost pools? Please explain.

g. Is the distribution of uncounted mixed mail item tallies based on data for counted mixed mail items of the same item type only? If no, please describe how the distribution was done.

h. In LR-H-146, at page II-3, the last sub-step listed under Step 1 is: "Construct piece shape/item type distribution factors for Step 2, based on direct tallies." Please explain which direct tallies were used for this purpose and provide a table, in spreadsheet form, showing the piece shape/item type distribution factors that were constructed. Additionally, please explain which of these factors were used to distribute uncounted mixed mail item tallies and which were used to distribute mixed mail container tallies.

i. Please provide a table, in spreadsheet form, showing the attributed costs

associated with counted mixed mail items, uncounted mixed mail items and mixed mail containers per item and container type and by cost pool.

j. Please provide a table, in spreadsheet form, showing the attributed costs associated with counted mixed mail items, uncounted mixed mail items and mixed mail containers per item and container type and by mail subclass.

k. At page II-3, LR-H-146 says:

"Distributing sets consist of records with a mail or special service activity code (F262=1000-4950, 53XX-54-XX, and 0010-0300 for specified situations) and distributed sets consist of those without."

Please explain how tallies with activity code 53XX-54XX are distributed to individual mail subclasses and whether costs corresponding to such tallies appear as "direct" or "mixed" costs in Table 6 of your testimony.

TW/USPS-T12-7 Please provide a spreadsheet showing the following information in tabular form. For each cost pool, and for each "basic function", specify the "direct" costs attributed to each subclass and special service, consistent with the total "direct" costs for each subclass and special service in Table 6 of your testimony, as well as all costs summarized as "mixed" or "other" in Table 6 of your testimony, by IOCS activity code.

TW/USPS-T12-8 The MODS cost pools listed in Table 4 of your testimony include LDC codes 41-44, 48-49 and 79. Please explain which types of operations these codes describe. In particular:

a. LDC 41 is referred to as "Unit Distribution - Automated". What types of units are being distributed, with what kinds of automation and using what kinds of sortation schemes? Also please explain why this type of operation is specified separately from the other cost pools that denote automated distribution such as OCR, BCS, etc.

b. LDC 42 is referred to as "Unit Distribution - Mechanized". What types of units are being distributed, with what kinds of mechanization and using what kinds of sortation schemes? Also please explain why this type of operation is specified separately from the other cost pools that denote mechanized distribution such as LSM, FSM, etc.

c. LDC 44 is referred to as "Post Office Box Distribution". What items are distributed to boxes in this operation? Also, please state whether this represents all box distribution in MODS offices, or whether distribution to boxes also occurs as part of other cost pools such as manual letters and manual flats.

- d. Are these LDC functions all part of mail processing?
- e. Does each three-digit MODS number correspond to a unique LDC code?
- f. Are there ranges of one or more three-digit MODS numbers for every LDC code?
- g. Please provide a table that shows the relationship between all LDC codes and all three-digit MODS numbers used by the Postal Service.